

**Minnetonka Economic Development Advisory Commission
Minutes**

Nov. 4, 2021

1. Call to Order

Chair Yunker called the meeting to order at 6 p.m.

2. Roll Call

EDAC commissioners Ann Duginske Cibulka, Jay Hromatka, Lee Jacobsohn, Melissa Johnston, Steven Tyacke and Charlie Yunker were present. Maram Falk was absent.

Staff present: Economic Development and Housing Manager Alisha Gray.

3. Approval of EDAC July 8, 2021 Meeting Minutes

Hromatka motioned. Tyacke seconded the motion to approve the July 8, 2021 meeting minutes as submitted. Duginske Cibulka, Hromatka, Jacobsohn, Johnston, Tyacke and Yunker voted yes. Falk was absent. Motion passed.

4. 2022 Preliminary Budget and HRA Levy

Gray gave the staff report. She requested commissioners provide feedback on alternative approaches to fund owner-occupied-affordable-housing programs to be discussed at a city council study session on November 15th. Commissioners were asked to discuss if commissioners should recommend that the city council continue to allocate \$125,000 to Homes Within Reach from the 2022 HRA Levy; if the current down-payment-assistance program should continue and/or if a new program funded by the affordable-housing-trust fund should be created; and provide additional feedback regarding the 2022 budget.

Gray confirmed that there was more interest in the program when the loan term changed from 10 years to 30 years and the interest rate was lowered. The maximum purchase price is \$352,000 which eliminates a lot of single-family houses. The five loans this year were utilized mainly for townhouses and condominiums.

Gray stated that the down payment assistance program, Homes Within Reach, and rehabilitation program are funded by the HRA Levy. There is another rehabilitation program funded with CDBG money.

Duginske Cibulka agreed that the program's house-price limit is set at an artificially low house value. She supports tying it to the median-house-value rate or a metric that can adjust over time to track with the market.

Hromatka thought \$15,000 for down payment assistance seems low. He agreed that buyers should have some of their own money invested in the purchase. Increasing the

allowable median house price may create the need for a larger down payment. Allowing up to 120 percent AMI is a good idea.

Duginske Cibulka agreed with Hromatka. Increasing the level of AMI may be explored. She did not support conditions that would prevent an applicant from meeting the qualifications based on their parents' actions or history. It could create barriers that the applicant may have no control over. An applicant may be estranged from ones parents or the parents may be unable or unwilling to cooperate.

Jacobsohn felt that taxpayers would be more likely to support first-time homebuyer down payment programs since the money is ultimately repaid. It is good to look at the new program offered in St. Louis Park, but it does not need to be copied.

Hromatka agreed with Jacobsohn. It would be easier for residents to see what tax dollars would be used for with the first-time-homebuyer-down-payment program.

Tyacke found the subcommittee exercise very valuable. The recommended changes made by the subcommittee should be implemented to increase utilization of the program. He would like to recommend that the city council implement those changes.

Chair Yunker felt that indexing the maximum value makes sense to track with the market. That should tie into the maximum loan amount. The subcommittee did a great job coming up with the framework. Up to 120 percent AMI makes sense since it can be hard to save enough for a down payment while paying high rent at the same time. It is great that Minnetonka is trying to help with homeownership. He supports keeping the forgiveness piece and having one program instead of two. Keeping at least some of the forgiveness piece would encourage an owner to stay and maintain the house. He supports modifying the existing program; broadening its scope; and utilizing marketing to encourage everyone and especially those who belong to groups who were blocked from homeownership for generations to utilize the program.

Chair Yunker confirmed with commissioners a consensus to recommend that Homes Within Reach keep the same amount and expand the current program.

Hromatka favored increasing the \$15,000 amount by \$2,000 to \$3,000. The affordable housing trust should backstop the program when needed.

Jacobsohn suggested a limit for down payment assistance to be 15 percent of the sale price of the house or the median index price for the year. The buyer could put in 5 percent and avoid PMI.

Chair Yunker felt that it would make sense to index the value and tie the limit for down payment assistance to 15 percent of the index. Picking a set amount limit might create a roadblock that was not intended to be a roadblock. He agreed with utilizing the trust fund as a future source if needed. Jacobsohn agreed.

Chair Yunker gained a consensus from commissioners who agreed with the \$125,000 amount for loan programs this year.

Gray made a note that commissioners agree that the trust fund may be used as a future source if needed.

Duginski Cubulka supports the trust fund being used for all types of affordable housing including single-family houses as well as multi-family housing. She felt it would be an appropriate use.

Chair Yunker confirmed with commissioners that they had no additional feedback on the proposed 2022 budget.

Hromatka motioned, Johnston seconded, the motion to recommend that the city council approve the 2022 Preliminary Budget and HRA Levy. Duginske Cibulka, Hromatka, Jacobsohn, Johnston, Tyacke and Yunker voted yes. Falk was absent. Motion passed.

5. Staff Report

- SWLRT update. Sign up for detour maps to stay notified of road closures.
- Metro Transit ridership has increased by 50 percent during the work week. Saturday and Sunday ridership has also increased.
- Development updates include The Pointe, Minnetonka Station, Doran, Shady Oak Crossing, Shady Oak Office Center (Wellington), Ridgedale Area Park, Minnetonka Police and Fire project, Tavern Grill, Culver's and Tavern on France.
- The business climate survey is in the process of being completed. The survey aims to help staff understand perceptions on various issues; inform staff on the need for new programming or expansion of existing programming; and provide a better understanding of the economic and demographic makeup of the business community.
- The fall 2021 issue of Thrive is now available in hard copy and online. It was mailed to 1,700 Minnetonka business addresses and has 1,000 online subscribers.
- In October of 2021, there were 1,922 applications for COVID-19 assistance totaling \$180,601,409 in loans and grants for Minnetonka businesses from federal, state and local resources.
- The federal moratorium on evictions ended July 31, 2021
- HOMELine is a resource for questions regarding eviction off-ramp steps.
- HomeHelpMN is developing a program to assist distressed homeowners with incomes up to 100 percent of AMI.
- There was one Home Rehabilitation Loan closed through the HRA program for \$15,000. There are nine loans currently being processed.
- Hennepin County has completed three projects and approved four more projects in Minnetonka using the CDBG rehabilitation program. There are

seven more applications being processed. There is \$62,124 in funding available for new loans.

- Staff has worked with nine Homes Within Reach (HWR) homeowners to complete rehabilitation projects. There are two projects in the process of being completed. There is a balance of \$125,832 available for new grants.
- In 2021, Homes Within Reach purchased one house. There are 60 HWR houses in Minnetonka.

6. Other Business

The Urban Land Institute will host a lunch with the Regional Council of Mayors on Nov. 8, 2021 from 11:30 a.m. to 1:30 p.m.

The next EDAC meeting is scheduled to be held on Dec. 9, 2021 at 6 p.m.

7. Adjournment

The meeting was adjourned at 7 p.m.